

The Other Coastal Crisis

Severe lack of housing collides with an ongoing labor shortage

It used to be a rallying cry for antipover-ty groups. But the lack of affordable housing in coastal communities has become so pronounced that it's drawing a group of advocates from the other side of the tracks: economic developers.

From the New Jersey shore to southeastern North Carolina to Florida's Gulf Coast, business leaders say "workforce housing" now ranks among their top concerns. "We're not in a bad scenario, or a tight situation; we're in a crisis situation now," says Rick Marcum, executive director of Opportunity Florida in northwest Florida.

Affirms Ben Waldron, executive director of the Monmouth-Ocean Development Council in New Jersey: "In my circles, in my business community, workforce housing is really what we're hearing."

Rapidly rising home prices have made affordable housing an issue throughout much of the country. But the situation is particularly dramatic in shorefront communities on the East and Gulf Coasts. In some places, prices have doubled or tripled the already high U.S. average (nationally, average house prices climbed 12.5% from first



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quarter 2004 to first quarter 2005). That's elevated homes beyond the reach of all but the wealthiest buyers. In southwest Florida's Marco Island, for example, where lot-covering McMansions are steadily replacing modest three-bedroom block homes, the average

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With the average price of homes skyrocketing in nearly every coastal community along the eastern seaboard, "affordable" housing has come to mean anything notably less than \$1 million — and that's rarely near the beach.

Thunderclouds Over Paradise

Record-setting disasters have yet to dampen coastal growth

Florida has always been a tough place to live. In the 18th century, pioneers had to battle black clouds of mosquitoes and foreboding swamps to drain the peninsula for development. In the real estate frenzy of the early 19th century, Floridians sank themselves into the Great Depression three years before the rest of the nation.

But always, the allure of paradise over-

came the disaster of the day. And it seems the same is true in the 21st century. University of Florida demographers this summer released the bleakest study yet of the aftermath of the 2004 hurricane season. That year, one in four Floridians evacuated because of a hurricane, said the study, which was based on a survey of more than 2,000 respondents. One out of 10 residents had to move out, some for

months. And nearly one of three homes was damaged, destruction so widespread that, a year later, more than a million Floridians still await repairs.

But as Pensacola residents mopped up from the first wallop of the '05 season, Hurricane Dennis, the study's most intriguing conclusion isn't about hurricanes and their wrath. It's about the

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intoxication of Florida — and coastal living in general. Despite the '04 season's manifest hardships, the authors conclude, there's no sign of an exodus out of the state or a slowdown in the migration that will soon make Florida the nation's third most populous state behind California and New York.

"I think last year's hurricane season by itself will have virtually no impact," says Stan Smith, director of UF's Bureau of Economic and Business Research, noting that all southeastern states continue to undergo rapid growth despite the hurricane risk.

It's not that the survey found Floridians ignored the massive storms. In what should be good news for builders, the study estimated some 10% of Floridians did structural upgrades to their homes (some as part of repairs), while 13% say they plan to strengthen their homes. Another 290,000 residents bought generators. But only 2% of respondents said they planned to leave Florida, the study found. If history is any guide, that's unlikely. Smith's previous study, of Hurricane Andrew's aftermath in Miami-Dade County, found Florida's worst hurricane in modern history prompted a loss of only 40,000 residents, all quickly replaced



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After the 2004 hurricane season, one might expect Floridians had their fill. Not so, states a recent report by University of Florida demographers that shows few are deterred by the surge of great storms, such as Hurricane Ivan, which engulfed this Pensacola Beach home.

by newcomers. Andrew struck in 1992, yet the pace of growth in the '90s exceeded that of the '80s, Smith noted.

It's probably silly to look for a deep psychological explanation for the surge toward sunshine. "People weigh the risks versus the advantages to living in an area like that, and they understand there is a risk," said Brenda Wiens, a research assistant professor in UF's department of clinical and health psychology.

But with meteorologists predicting active hurricane seasons for the next two or three decades, a slowdown is at least within the realm of possibilities. Gary Mormino, a professor of history at the University of South Florida and author of

the just-published *Land of Sunshine, State of Dreams: A Social History of Modern Florida*, notes that in the 1970s, only three hurricanes struck Florida. Prior to 2004, the state hadn't been hit by three hurricanes in a single season since 1963. If the forecasters are right ... well, it's just possible that Mormino's label of a "dream" state may begin to tarnish.

"You add four hurricanes to citrus canker, West Nile fever, ram-and-rob murders, roofers from hell, Versace, Aileen Wuornos, hanging chads, and there could be thunderclouds ahead," Mormino says. "But for right now, I think baby boomers and seniors are still willing to stake their claim in the sunshine." — A.H.

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house goes for \$936,855, nearly quadruple the average U.S. price of \$264,540.

The result: Not only are hotels and restaurants pinched for workers, but so are schools, police forces, and increasingly manufacturing, construction, and other local industries. That sets economic developers on edge.

"You can drive up and down the streets in Apalachicola, Port Saint Joe, Panama City, any of these cities, and it's Help Wanted, Help Wanted, Help Wanted," says Marcum,

whose eight counties are experiencing rapid coastal development as well as inland industrial and corporate growth. "If you can't house a labor force, you can't have one."

The crunch hasn't hit builders and developers in most regions — yet. Most attribute any dif-

ficulties in finding carpenters and other skilled and unskilled workers to abundant job opportunities, not to a lack of affordable housing. But with

complaints from subcontractors about finding lodging not uncommon, builders are growing increasingly aware of the problem.

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"You have people commuting two hours to get to work for an eight-hour day on the ladder or up on the roof," says Panama City developer Richard Turcic, who is seeking incentives from Panama City to build an affordable housing development.

NOT-SO-SIMPLE SOLUTIONS

Solutions are not obvious. Marcum and his colleagues would love to see developers increase the stock of modest coastal property, but they're the first to recognize that demand for high-end housing is so high, and coastal land so scarce and expensive, that it's unlikely to happen.

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Leading Panama City builder Ledman Construction and Development built about 50 homes last year. Its low-end dwellings start at \$425,000, and the company just completed a \$2.9-million home. As company president Tom Ledman puts it, "I don't see how any developer can look at today's prices and develop it for affordable housing."

As a result of the troubling trend, more and more community groups and civic and business leaders are discussing incentives for developers. Ideas range from relaxed impact fees to weakened density and environmental restrictions to free infrastructure such as roads and sidewalks. Marcum, for his part, recently completed a proposal to create a

nonprofit land trust as a vehicle to build at least 1,000 homes priced around \$100,000 in his eight counties.

Some states and municipalities take a more draconian approach of requiring developers to build affordable homes as part of new developments that meet certain size criteria. Not surprisingly, builders tend to oppose this option. But the seemingly simple solution has a mixed history in one of the first places it was attempted, California.

Following passage of the Coastal Act in 1976, the California Coastal Commission began requiring all new moderate to large subdivisions to include at least 25% affordable units in the coastal counties in the commission's jurisdiction. Initially, says Sarah

Christie, the commission's legislative liaison, the idea worked. "There was so much money to be made in California real estate that developers could afford that," she says. But in the 1980s, the affordable housing provision was attacked — not by developers but by municipalities. The cities' chief complaint? They weren't getting the tax revenue they deserved from their communities' most valuable property. After a lengthy battle, the California legislature repealed the provision.

"Now, of course, coastal cities are screaming and tearing their hair out," Christie says, "because they don't have enough affordable housing."

— Aaron Hoover